

# BUDGET LETTER

<b>SUBJECT:</b> GENERAL STATEWIDE SECTIONS	<b>NUMBER:</b> 12-13
<b>REFERENCES:</b> BUDGET ACT OF 2012 (CHAPTERS 21 & 29, STATUTES OF 2012)	<b>DATE ISSUED:</b> July 26, 2012
	<b>SUPERSEDES:</b> BL 11-17

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

The Budget Act of 2012 (Budget Act) contains changes to the General Statewide Sections that may affect many departments. Section 3.90, regarding reductions for employee compensation, has been revised and Section 4.05, regarding budget adjustment authority, has been added. Sections 3.91 and 4.21 have been eliminated. The new or revised Sections are summarized below. For additional information regarding these Sections, please contact your Department of Finance (Finance) budget analyst.

## **SECTION 3.90 – REDUCTION FOR EMPLOYEE COMPENSATION**

Section 3.90 requires Finance to reduce appropriations as necessary to reflect savings for employee compensation reductions achieved through any combination of the following: (1) memoranda of understanding, which include a one day per month Personal Leave Program for 2012-13, (2) furloughs, and (3) similar reductions for non-represented employees. These reductions must total \$401,716,000 from General Fund items and \$437,413,000 from items related to other funds for the 2012-13 fiscal year, and do not apply to the California State University, the University of California, Hastings College of the Law, the Legislature, the Legislative Counsel Bureau, the Bureau of State Audits, or the Judicial Branch. Instructions for implementing these reductions will be forthcoming in a future Budget Letter.

## **SECTION 4.05 – BUDGET ADJUSTMENT AUTHORITY**

Section 4.05 requires Finance to reduce appropriations as necessary to reflect savings achieved through operational efficiencies and other cost reduction measures, including, but not limited to, reorganizations, eliminations of boards and commissions, rate changes, contract reductions, and elimination of excess positions. These reductions do not apply to the California State University, the University of California, Hastings College of the Law, the Legislature, or the Judicial Branch. This Section also authorizes Finance to augment any item (including non-Budget Act items) to reflect the costs related to reorganizations, consolidations, or programs. Instructions for implementing these reductions will be forthcoming in a future Budget Letter.

If you have any questions regarding these changes, please call your Finance budget analyst.

/s/ Michael Cohen

MICHAEL COHEN  
Chief Deputy Director